

**Comments on draft SNA chapter:
Chapter 16: Price and volume measures**

**Deadline for comments: 5 October 2007
Send comments to: sna@un.org**

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This three-part template allows you to record your comments on draft chapter 16 easily and, at the same time, makes it easy for us to use your comments in considering revisions to the draft chapter. You may complete any one, any two, or all of the three parts of the template.

There is no file comparing existing text with draft text for this chapter due to the large amount of new text in this chapter.

Save this template and send it as an attachment to the following e-mail address:
sna@un.org

Part I: General comments

In the space below, please provide any general comments, such as about the clarity with which the new recommendations were incorporated (30 words or less).

Comment:

<p>Good document. However, index number theory takes a very important part, may be a too important part.</p>
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Part II: Comments on specific draft paragraphs or passages

In your review of draft chapter 16, you may wish to devote particular attention to the passages listed below. For ease of reference, we have identified the relevant paragraphs. Please use the space provided to the right of the paragraph number to make your comment.

Index number theory

Section B presents an overview of index number theory as applied in the System. It has been updated to reflect work during the last decade embodied in the new manuals on consumer price indices, producer price indices, and export and import price indices (available in draft).

1. Paragraphs 16.10 - 16.88 present this overview. Are these paragraphs clear and appropriate to the SNA?

General comment	The notion of volume index is defined and not the notion of volume. But often in the chapter the notion of volume is used. It would be helpful to define the notion of volume.
16.1	Start of second sentence, replace "The values of flows of goods and services.." with "The changes over time in the values of flows of goods and services.."
16.10	At the end of the paragraph: "price is consistent with the unit of volume ". It would be preferable to write "quantity" instead of "volume"

* Insert rows in this Word table for each paragraph on which you wish to comment.

Derivation of volume measures in the national accounts

Section C is considerably expanded from its counterparts in the *SNA 1993*. The ISWGNA agreed that this expansion was needed and that the new price manuals provided useful input for the expansion.

2. Paragraphs 16.89 - 16.183 cover price deflation vs. quantity revaluation, volume measures of the output estimate of GDP, volume measures of the expenditure estimate of GDP, volumes and prices for stocks of non-financial assets and consumption of fixed capital, components of value added, measures of real income for the total economy, and other aspects of price and volume measurement. Are these paragraphs clear and appropriate to the SNA?

General comment	These paragraphs are globally appropriate to the SNA.
16.92	Second sentence, reword as "Price information is easier to collect and aggregate, as explained in section B, than is volume information for a variety of reasons" and delete the rest of the sentence. Start third sentence with "In particular, " and delete "Further".
16.142	Is a chain measure of changes in inventories obtained by differencing the corresponding chain measures of the opening and closing stocks actually appropriate? Shouldn't the chain measure of changes in inventories be calculated by differencing the entries and the withdrawals?

* Insert rows in this Word table for each paragraph on which you wish to comment.

International price and volume comparisons

Section D presents the theory and practical aspects of international comparisons of prices and volumes. It draws on the most recent round of the International Comparison Program, which involved 107 countries.

3. Paragraphs 16.184-16.225 present this material. Are these paragraphs clear and appropriate for the SNA?

General comment	No comment
	<p>16.185: "an individual good or service" to be replaced by "goods and services".</p> <p>16.210: to be split in two, describing first a traditional approach with one bridge country, and then the new "ring approach"? For example: While this approach probably improves the quality of PPPs at the regional level, there is still the need to combine the regions to obtain a global comparison. Traditionally, a "bridge country" was chosen to provide the link between regions, participating in the price surveys of more than one region. The "ring approach", on the other hand, identifies a subset of countries in each region to act as "ring countries" that comprise a synthetic "region" and intersects with all the regions whose comparisons are to be linked.</p> <p>16.212: First phrase says that PPPs on their own are not very useful. However, the text does not pay attention at all to the fact that PPPs can be combined with exchange rates to compile comparative price level indices which are by themselves interesting indicators. A separate paragraph should be introduced on this.</p> <p>16.212: Not terribly important, but the fact that NA delivers the aggregates to be (spatially) deflated should be mentioned before that fact that NA also provides the weights. BH weights could in principle be taken from somewhere else, while the total GDP figure and the main NA aggregates as they appear in countries' NA are of major importance (of course) for the resulting VI.</p> <p>16.214: Line 5 "...which national accounts values are required as numerical weights."</p> <p>16.218: Line 23 "comparability" to be replaced by "inter-country comparability".</p> <p>16.223-16.224 (non-market services): the text only refers to efforts to make productivity adjustments, but ignores recent efforts to move from input to output methods for PPPs, just like for the temporal dimension.</p>

Part III. Other specific comments

You are welcome to make other comments. Please do so by using Adobe Acrobat Version 6 or 7 to comment directly on the PDF of the draft chapter.

If you don't have Adobe Acrobat Version 6 or 7 and would like to make detailed comments, please send a message to sna@un.org requesting a version of the draft chapter that permits you to comment. To optimize your commenting tools, please download Adobe Reader 7.0 for free from <http://www.adobe.com/products/acrobat/readstep2.html>